Chairman Mark David Goss

MACRUC

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Good morning. It is my pleasure to be today to share with you what I believe to

be a notable success story – the rapid deployment of broadband technology

within the Commonwealth of Kentucky.

Let me make it clear that, much as we might like to, the Kentucky Public Service

Commission cannot take credit for this success. Although the PSC for a number

of years encouraged the telephone companies under its jurisdiction to expand

the availability of DSL and other broadband infrastructure, the Commission has

not, since the passage of the Kentucky Broadband Act of 2004, had any

regulatory authority over broadband.

The Broadband Act, which removed regulatory barriers to broadband expansion,

was part of Governor Ernie Fletcher's multi-pronged strategy to speed broadband

deployment, particularly into the rural areas of our state. As announced in

October 2004, Governor Fletcher's *Prescription for Innovation* called for the use

of federal, state, local and private investment to attain the goal of statewide

broadband availability by the end of 2007.

A unique public-private partnership is at the heart of this effort. Connect Kentucky – whose name aptly describes its mission - draws on the resources of state government, private business and institutions of post-secondary education to develop policies, share ideas, assist in recruitment of technology-based entrepreneurs and companies and, most importantly, assist local communities in their efforts to expand access to technology.

Kentucky has a way to go to catch up to the rest of the nation in technology. We are 44th in the proportion of high-tech businesses, 45th in residential computer use and 43rd in residential Internet use. A lack of access to broadband has been identified as a major impediment to improving those numbers, especially outside the so-called "Golden Triangle" formed by Louisville, Lexington and the Northern Kentucky suburbs of Cincinnati.

As someone who grew up in and has practiced law in Harlan County, in the coalfields of southeastern Kentucky, I can tell you from my own personal experience that obtaining better access to technology is a key to progress on every front – economic, educational, social, governmental. And, in this Internet-centric age, access to technology means access to broadband.

From the outset, the leadership of Connect Kentucky recognized that the key to increasing access to technology was to focus on local needs. That is the basis for Connect Kentucky's county-by-county approach. By creating local technology

leadership teams to focus on the needs in each county and by identifying online applications that meet local needs, Connect Kentucky has helped create a climate of business opportunity that fosters private investment in broadband deployment. The newest of the more than 100 such teams was established just this month in my home county.

Where the state has led, private investment has followed. In the last two years, more than half a billion dollars has been invested into improving telecommunications services in Kentucky, with much of that investment going to broadband.

Another key element has been the use of technological tools to promote technology expansion. Connect Kentucky has used Geographic Information Systems mapping and grassroots data collection to produce the most detailed telecommunications infrastructure map in the nation. The map serves as both an identifier of service gaps and an inventory of service availability, allowing communities to identify existing infrastructure for business recruitment efforts.

The sophistication and effectiveness of that mapping effort has helped gain Connect Kentucky a well-deserved reputation as a leader in technology promotion. Most recently, that reputation was solidified in a report prepared by the Government Accountability Office, the investigative arm of Congress. The GAO cited Connect Kentucky as the reason that Kentucky was one of a very few

states with a comprehensive knowledge of the extent of broadband deployment and a clear and effective strategy for making broadband universally available.

SLIDE 1 - (You can see the sophistication of the data collection effort in this map, which illustrates the extent of broadband deployment in Kentucky in considerable detail)

Now, let me get to the bottom line. As I said the outset, Kentucky has a long way to go to catch up in the realm of technology. But, as a result of the initiative and determination of the Fletcher administration, we've come a very long way in a few short years.

In 2003, broadband was available to 60 percent of Kentucky residents. This year, that percentage has grown to 82 percent, and is expected to reach 90 percent by the end of this year. We expect to achieve the goal of statewide availability next year.

More significantly, the number of subscribers to broadband service has climbed in the last two years from 24 percent to 32 percent of all Kentuckians. That is the highest rate of broadband expansion in the nation. Our expectation is that, as broadband becomes more generally available and as prices decline, we will see that percentage rise even more swiftly.

SLIDE 2 - (This map illustrates the percentage of households in each county subscribing to broadband service. While usage is concentrated in the Golden Triangle, there are several more rural counties whose residents have enthusiastically embraced broadband service.)

The increased availability of broadband is paying dividends in many ways:

- Schoolchildren in rural Kentucky not only have better access to the Internet, but through Kentucky's Virtual High School, now can easily participate in courses, including Advanced Placement preparation, that may not be available in their local schools.

- Local governments can achieve substantial cost savings by relying on the Internet for government procurement and other functions. For example, with access to broadband, counties without jail facilities can use remote video arraignment, thus avoiding both the cost and risks inherent in prisoner transport.

- Residents have easier access to government services such as licensing, permitting, registration, and payment of taxes and other fees. Placing these services online also creates efficiencies for local government.

- A wider range of economic options are being created in rural communities. With broadband, telecommuting is possible for those who treasure the beauty and relaxed lifestyle of the Kentucky countryside. Local products can be marketed to a global audience. A lack of Internet access is no longer an impediment to economic development.

I would encourage you to visit the Connect Kentucky Web site, connectkentucky.org, to get more details about the success of this unique partnership.

Connect Kentucky is creating a multitude of opportunities for Kentuckians of all ages and all walks of life to connect with each other, with their local and state governments, with educational and economic opportunities and, most importantly with the world beyond our Commonwealth.

It is an effort in which Kentucky can justifiably take great pride. I am happy to have this opportunity to tell you about it this morning. Thank you.